

REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION

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August 5, 2003

FROM: MARK H. UFFER, Director
Arrowhead Regional Medical Center

SUBJECT: NORTH AMERICAN DRAGER, INC. – PURCHASE ORDER

RECOMMENDATION: Find it is in the best interest of the County to utilize North American Drager Inc. as sole source provider for service and authorize the Purchasing Agent to issue a Purchase Order with North American Drager, Inc. for an annual service agreement in an amount not-to-exceed \$35,000 for FY 2003/04.

BACKGROUND INFORMATION: Per Policy 11-05, Board of Supervisors approval is needed for sole source services in excess of \$25,000 per scope of work per vendor per department per fiscal year.

Since 1999 when the Medical Center construction was completed, North American Drager Inc. has furnished equipment to be utilized during surgical procedures by the Anesthesia Department of the Arrowhead Regional Medical Center. This vendor is a sole-source for the manufacture and the recommended choice for the repair, servicing, and required annual certification of the equipment as they have access to factory-trained technicians and original parts.

In FY 2001/02 and FY 2002/03, the Medical Center paid Drager for time and material repairs at a cost of approximately \$45,000 and \$70,000 respectively. Historically, when equipment is new, it tends to be more cost effective to have it serviced on a time and materials basis rather than entering into a service agreement. Recently Drager approached the Medical Center with the option of purchasing a service agreement, for an amount not-to-exceed \$35,000, rather than continuing on a time and materials basis. The service agreement will include repair, service, annual certification, and provide a cost savings over the previous two years. As the equipment continues to age, more maintenance and service will be required.

The Medical Center is also investigating the possibility of in-house personnel being trained and assuming some of these functions for FY 2004/05.

REVIEW BY OTHERS: This item has been reviewed by County Purchasing (Aurelio De La Torre, Director) on July 16, 2003, County Counsel (Michelle Blakemore, Deputy County Counsel) on July 16, 2003, and HSS Administration (Carol Hughes, Administrative Analyst) on July 23, 2003.

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FINANCIAL IMPACT: This purchase order is for an amount not-to-exceed \$35,000 for FY 2003/04 and it imposes no local county cost. This amount is included in the Medical Center's FY 03/04 budget.

COST REDUCTION REVIEW: The County Administrative Office recommends this action as it imposes no local cost and these services are necessary to maintain current Medical Center equipment, which is essential to the health and welfare of the Medical Center's patients.

SUPERVISORIAL DISTRICT(S): All

PRESENTER: Mark H. Uffer, Director, Arrowhead Regional Medical Center, 580-6150

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